

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

Chapter 11

FIELDWOOD ENERGY LLC., *et al.*,

Case No. 20-33948 (MI)

Debtors.¹

Jointly Administered

**DESIGNATION OF RECORD AND STATEMENT OF ISSUES ON APPEAL BY
LEXON INSURANCE COMPANY, IRONSHORE INDEMNITY INC. AND
IRONSHORE SPECIALTY INSURANCE COMPANY**

NOW COMES Lexon Insurance Company, Ironshore Indemnity Inc. and Ironshore Specialty Insurance Company (collectively, “Lexon” or “Appellants”), by and through their undersigned counsel, Harris Beach PLLC, pursuant to Fed. R. Bankr. P. 8009 and the *Clerk’s Notice of Filing an Appeal by Lexon Insurance Company, Ironshore Indemnity Inc., and Ironshore Specialty Insurance Company* [Dkt. No. 1818], relative to Appellants’ *Notice of Appeal* [Dkt. No. 1785], which has been docketed as Civil Action 4:21-cv-2202 by the United States District Court for the Southern District of Texas before the Honorable George Hanks, designating the following docket entries, hearing transcripts and proof of claims as Appellants’ record on appeal:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422). The Debtors’ primary mailing address is 2000 W. Sam Houston Parkway S., Suite 1200, Houston, TX 77042.

Docket No.	Date	Description
29	08/04/2020	Declaration re: Declaration of Michael Dane in Support of Debtors' Chapter 11 Petitions and First Day Relief Filed by Fieldwood Energy LLC
722	01/01/2021	Chapter 11 Plan of Reorganization Filed by Fieldwood Energy LLC
723	01/01/2021	Disclosure Statement Filed by Fieldwood Energy LLC
1020	03/15/2021	Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1098	03/23/2021	Second Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1115	03/24/2021	Third Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1252	04/09/2021	Fourth Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1284	04/15/2021	Fourth Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1285	04/15/2021	Amended Disclosure Statement Filed by Fieldwood Energy LLC
1394	05/27/2021	Notice of Filing of Plan Supplement in Connection With Fourth Amended Joint Chapter 11 Plan of Field Wood Energy LLC and its Affiliated Debtors Filed by Fieldwood Energy LLC
1427	06/01/2021	Objection to Confirmation of Plan Filed by Liberty Mutual Insurance Company, the Hanover Insurance Company, Travelers Casualty and Surety Company of America, XL Specialty Insurance Co.
1435	06/02/2021	Objection to Confirmation of Plan Filed by North American Specialty Insurance Company
1436	06/02/2021	Objection to Confirmation of Plan Filed by Lexon Insurance Company, Ironshore Indemnity Inc., and Ironshore Specialty Insurance Company
1461	06/02/2021	Objection to Confirmation of Plan Filed by Aspen American Insurance Company, Berkley Insurance Company, Everest Insurance Company, and Sirius America Insurance Company
1629	06/16/2021	Fifth Amended Chapter 11 Filed by Fieldwood Energy LLC
1664	06/20/2021	Supplemental Objection of Plan Filed by Aspen American Insurance Company, Berkley Insurance Company, Everest Insurance Company and Sirius America Insurance Company
1696	06/22/2021	Sixth Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1716	06/24/2021	Seventh Amended Chapter 11 Plan Filed by Fieldwood Energy LLC

Docket No.	Date	Description
N/A	06/24/2021	Email exchange of Proposed Agreed language presented to the Bankruptcy Court on June 24, 2021, and referred by the Court on pages 35 to 58 of the June 24, 2021 transcript ² ; attached hereto as Exhibit "A"
1731	06/25/2021	Eighth Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1742	06/25/2021	Eighth Amended Chapter 11 Plan Filed by Fieldwood Energy LLC
1748	06/25/2021	Transcript of Confirmation Hearing from June 21, 2021 through June 25, 2021 before Judge Marvin P. Isgur. Court Reporter/Transcriber: Veritext Legal Solutions Filed by Lexon Insurance Company and Endurance American Insurance Company; attached hereto as Exhibit "B"
1751	06/25/2021	Findings of Fact, Conclusion of Law, and Order (I) Confirming Eighth Amended Joint Chapter 11 Plan of Fieldwood Energy LLC and Its Affiliated Debtors and (II) Granting Related Relief
1782	07/01/2021	Notice of Appeal Filed by North American Specialty Insurance Company
1785	07/01/2021	Notice of Appeal Filed by Lexon Insurance Company, Ironshore Indemnity Inc., and Ironshore Specialty Insurance Company
1791	07/02/2021	Notice of Appeal Filed by Aspen American Insurance Company, Berkley Insurance Company, Everest Insurance Company and Sirius America Insurance Company
1796	07/02/2021	Motion to Stay Pending Appeal Filed by Aspen American Insurance Company, Berkley Insurance Company, Everest Insurance Company and Sirius America Insurance Company
1801	07/05/2021	<i>Response Joinder of Lexon Insurance Company, Ironshore Indemnity Inc. and Ironshore Specialty Insurance Company to the Emergency Motion of Aspen American Insurance Company, Berkley Insurance Company and Sirius America Insurance Company for a Stay, Pursuant to Bankruptcy Rule 8007, of the Order Confirming Eighth Amended Joint Chapter 11 Plan of Fieldwood Energy LLC and its Affiliated Debtors, or in the Alternative, for an Order Amending the Confirmation Order, Pursuant to Bankruptcy Rule 9023 (Motion To Stay Pending Appeal) Filed by Lexon Insurance Company, Ironshore Indemnity Inc., and Ironshore Specialty Insurance Company</i>

² The transcript from the June 24, 2021 Confirmation Hearing is attached hereto as part of Exhibit "B".

Docket No.	Date	Description
1802	07/05/2021	Response Joinder of North American Specialty Insurance Company in the Emergency Motion of Aspen American Insurance Company, Berkley Insurance Company and Sirius Insurance Company for A Stay, Pursuant to Bankruptcy Rule 8007, of the Order Confirming Eighth Amended Joint Chapter 11 Plan of Fieldwood Energy LLC and its Affiliated Debtors, or in the Alternative for an Order Amending the Confirmation Order Pursuant to Rule 9023 and Joinder in the Grounds set for in the Joinder of Lexon Insurance Company, Ironshore Indemnity Inc. and Ironshore Specialty Insurance Company in That Motion (Motion To Stay Pending Appeal) Filed by North American Specialty Insurance Company
1818	07/07/2021	Clerk's Notice of Filing of an Appeal. On 7/1/2021, Lexon Insurance Company filed a notice of appeal. The appeal has been assigned to U.S. District Judge George Hanks, Civil Action 4:21-cv-2202.
1823	07/07/2021	Order Denying Emergency Motion of Aspen American Insurance Company, Berkeley Insurance Company and Sirius America Insurance Company for a Stay, Pursuant to Bankruptcy Rule 8007, of the Order Confirming Eighth Amended Joint Chapter 11 Plan of Fieldwood Energy LLC and its Affiliated Debtors, or in the Alternative, for an Order Amending the Confirmation Order, Pursuant to Bankruptcy Rule 9023
1846	07/09/2021	Transcript of Motion Hearing; July 6, 2021 before Judge Marvin P. Isgur. Court Reporter/Transcriber: Judicial Transcribers of Texas Filed by Lexon Insurance Company, Ironshore Indemnity Inc., and Ironshore Specialty Insurance Company; attached hereto as Exhibit "C"
1847	07/09/2021	Notice of Appeal Filed by Liberty Mutual Insurance Company, the Hanover Insurance Company, Travelers Casualty and Surety Company of America, XL Specialty Insurance Co.

PROOF OF CLAIMS

Claim No.	Date	Debtor Name	Claim Value
246	10/19/2020	Fieldwood Energy LLC	\$90,327,000.00
247	10/19/2020	Dynamic Offshore Resources NS, LLC	\$90,327,000.00
250	10/19/2020	Fieldwood Energy Offshore LLC	\$90,327,000.00
253	10/19/2020	Fieldwood Onshore LLC	\$90,327,000.00
254	10/19/2020	Fieldwood SD Offshore LLC	\$90,327,000.00
255	10/19/2020	FW GOM Pipeline, Inc.	\$90,327,000.00

Claim No.	Date	Debtor Name	Claim Value
256	10/19/2020	Fieldwood Energy Inc.	\$90,327,000.00
258	10/20/2020	GOM Shelf LLC	\$90,327,000.00
259	10/20/2020	Fieldwood Offshore LLC	\$90,327,000.00
260	10/20/2020	Bandon Oil and Gas GP, LLC	\$90,327,000.00
261	10/20/2020	Fieldwood Energy SP LLC	\$90,327,000.00
262	10/20/2020	Galveston Bay Pipeline LLC	\$90,327,000.00
263	10/20/2020	Galveston Bay Processing LLC	\$90,327,000.00
284	10/20/2020	Bandon Oil and Gas, LP	\$90,327,000.00

APPELLANTS' STATEMENT OF ISSUES TO BE PRESENTED

Appellants hereby submit pursuant to Fed. R. Bankr. P. 8009, the following issues to be presented in this appeal:

1. Whether the bankruptcy court erred in entering an order pursuant to 11 U.S.C. § 363(f) that purports to strip, as an interest in property acquired by a credit purchaser entity (Newco) and other entities created through the Eighth Amended Plan of Reorganization (the "Plan"), the future rights of the Debtors' sureties to recover from Newco and other entities for decommissioning costs paid by the sureties arising from the failure or default of Newco and other entities to meet their post-confirmation obligations under applicable law and the Plan to perform said decommissioning?

2. Whether the bankruptcy court possesses jurisdiction to modify, alter or strip the state or federal law rights of the sureties to seek recourse (through subrogation, restitution, reimbursement and exoneration) post-confirmation against entities created through the Plan for their defaults of obligations covered by the sureties' bonds?

3. Whether future rights of subrogation, restitution, reimbursement and exoneration recognized under state or federal law are subject to the lien stripping power of 11 U.S.C. § 363(f)?

4. Whether the consent or voluntary release by the sureties holding future rights of subrogation, restitution, reimbursement or exoneration is required to discharge those obligations arising from post-confirmation defaults of obligations covered by the bonds?

5. Whether the bankruptcy court erred in finding subrogation rights of the sureties (and other rights of recourse) are interests in the properties acquired through the § 363 sale as opposed to obligations that are personal to the acquiring entities arising from and triggered by

their future defaults in performing decommissioning obligations also covered by the sureties' bonds?

Dated: July 15, 2021

HARRIS BEACH PLLC

BY: /s/ Lee E. Woodard
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CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of July 2021, a true and correct copy of the foregoing *Designation of Record and Statement of Issues on Appeal by Lexon Insurance Company, Ironshore Indemnity Inc. and Ironshore Specialty Insurance Company* was served via the Court's electronic case filing system (CM/ECF) to all parties registered to receive such notice in the above-captioned case.

/s/ Lee E. Woodard
Lee E. Woodard